

FILED
U.S. DISTRICT COURT
NORTHERN DIST. OF TX.
FORT WORTH DIVISION

ORIGINAL

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

OCT 12 PM 1:57

CLERK OF COURT

UNITED STATES OF AMERICA

§

§

v.

§

No.

§

CRYSTAL LA VON MASON-HOBBS (1)
SANFORD TAYLOR HOBBS III (2)

§

§

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4-11CR-151-A

INDICTMENT

The Grand Jury charges:

Count 1

Conspiracy to Defraud the United States
(Violation of 18 U.S.C. § 371)

INTRODUCTION

At all times material to this indictment:

1. The Internal Revenue Service ("IRS") was an agency of the United States of America responsible for assessing and collecting taxes owed by individuals and business entities including income taxes, social security taxes, and Medicare taxes.

2. Taxpayers often want the benefit of their income tax refunds immediately upon filing their tax returns, rather than waiting for the IRS to process returns and issue refunds. Many banks offer Refund Anticipation Loans ("RALs") to satisfy this demand for immediate cash. Banks routinely issue RALs to taxpayers upon receiving notice from the IRS that a taxpayer's income tax return has been accepted by the IRS. The RAL

banks determine if a taxpayer qualifies for a RAL, and, if appropriate, issue a loan payment to the taxpayer, usually within days of the electronic filing of a taxpayer's return.

3. RAL banks routinely issued the proceeds of RALs to taxpayers via debit cards, checks, and direct deposit. Banks would also subtract the bank's RAL fee and the tax preparer's preparation fee before distributing the RAL proceeds. It was not unusual for RAL banks to distribute RAL debit cards and checks to taxpayers through their tax preparers. RAL banks would disburse the subtracted tax preparation fee directly to tax preparers separately from the taxpayers' debit cards and checks.

4. To transmit a tax return to the IRS electronically, a tax preparer must obtain an electronic filer identification number ("EFIN"), issued by the IRS.

THE DEFENDANTS

5. Defendants **Crystal La Von Mason-Hobbs ("Mason-Hobbs")** and **Sanford Taylor Hobbs III ("Hobbs III")** were residents of Texas who owned, controlled, managed, and operated CMH Enterprise, also known as CMH Tax and Notary Service, located in Everman, Texas through which they offered tax return preparation and notary services.

THE CONSPIRACY

6. From in or about October 2005, the exact date being unknown to the Grand Jury, and continuing thereafter up to and including at least May 2009, in the Northern District of Texas, defendants **Crystal La Von Mason-Hobbs** and **Sanford Taylor Hobbs III** did unlawfully, voluntarily, intentionally and knowingly conspire,

combine, confederate, and agree together and with each other and with other individuals both known and unknown to the Grand Jury to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment, and collection of the revenue: that is, clients' income taxes.

**MANNER AND MEANS BY WHICH THE
CONSPIRACY WAS CARRIED OUT**

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

7. **Mason-Hobbs** applied to participate in the IRS electronic filing (E-File) Program, but her application was denied. She appealed the denial, but was told in November 2005 that she would not be eligible to re-apply until August 1, 2006.

8. Immediately after **Mason-Hobbs** learned that her application had been rejected, **Hobbs III** applied to the IRS for an EFIN in his name. During the 2006 filing season and part of the 2007 filing season, **Mason-Hobbs** and **Hobbs III** electronically filed false 2005 and 2006 income tax returns using the EFIN assigned to **Hobbs III**.

9. **Mason-Hobbs** and **Hobbs III** prepared and filed income tax returns for tax years 2005 - 2008 with Schedule C business income and expenses for businesses that did not exist, exemptions and credits for fictitious dependents, falsely claimed earned-income and education credits, and various other false statements, all with the aim of fraudulently inflating the tax refund claimed on behalf of client taxpayers.

10. Upon receiving confirmation of the IRS's acceptance of these returns, banks issued RALs to taxpayers, the proceeds of which **Mason-Hobbs** and **Hobbs III** were supposed to disburse using debit cards and checks entrusted to them by the banks. From the proceeds of each loan, the banks deducted a tax preparation fee which they sent separately to bank accounts controlled by **Mason-Hobbs** and **Hobbs III**.

11. In addition to the tax-preparation fee deducted by the bank, **Mason-Hobbs** and **Hobbs III** demanded more fees from taxpayers in person. **Mason-Hobbs** and **Hobbs III**, or someone in their employ or under their direction, accompanied the taxpayer to redeem his or her RAL debit card or check. That person would extract an additional "tax-preparation" fee, in cash, from the taxpayer at a local check cashing facility or ATM. **Mason-Hobbs** also used the point-of-sale credit card reader at CMH to charge the additional tax-preparation fee. The total fees taken from taxpayers in this manner far exceeded normal fees charged by legitimate tax preparers.

12. **Mason-Hobbs** reapplied for an EFIN, which was assigned to her on or about October 27, 2007. Beginning in or about October 2007, **Mason-Hobbs** and **Hobbs III** began using both of their EFINS to electronically file false income tax returns.

13. On or about January 15, 2009, the IRS suspended the EFINS assigned to **Hobbs III** and **Mason-Hobbs** for the filing of false/fraudulent income tax returns.

14. In or about January 2009, after the IRS suspension of these EFINS, **Hobbs III** convinced one of his relatives to allow him to transmit electronic returns prepared by CMH Enterprise using the relative's EFIN.

15. During the 2009 filing season, **Mason-Hobbs** and **Hobbs III** electronically filed false 2008 income tax returns using only the EFIN assigned to his relative.

OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the Northern District of Texas, and elsewhere:

16. On or about November 22, 2005, **Hobbs III** applied to the IRS for an EFIN, and he was approved to file under EFIN 756287.

17. On or about October 23, 2007, **Mason-Hobbs** reapplied for an EFIN, and on October 27, 2007, she was approved to file under EFIN 735609.

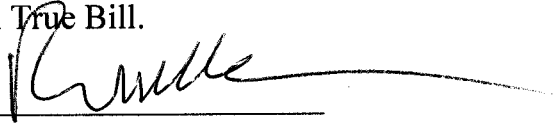
18. In January 2009, defendant **Hobbs III** electronically transmitted false income tax returns using his relative's EFIN.

19. Defendants **Mason-Hobbs** and **Hobbs III** prepared and filed the following income tax returns containing false material statements:

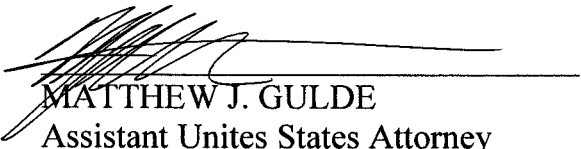
- a. Tax return filed on February 9, 2006, on behalf of taxpayer S.W. for tax year 2005;
- b. Tax return filed on January 14, 2006, on behalf of taxpayer T.B. for tax year 2005;
- c. Tax return filed on February 7, 2006, on behalf of taxpayer W.J. for tax year 2005;
- d. Tax return filed on March 9, 2006, on behalf of taxpayer D.L. for tax year 2005;
- e. Tax return filed on January 12, 2008, on behalf of taxpayer D.L. for tax year 2007;
- f. Tax return filed on January 16, 2006, on behalf of taxpayer R.G. for tax year 2005;

In violation of 18 U.S.C. § 371.

A True Bill.


Foreperson

SARAH R. SALDAÑA
UNITED STATES ATTORNEY


MATTHEW J. GULDE
Assistant United States Attorney
Illinois State Bar No. 6272325
Burnett Plaza, Suite 1700
801 Cherry Street, Unit #4
Fort Worth, Texas 76102
Telephone: 817.252.5200
Facsimile: 817.252.5455

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

THE UNITED STATES OF AMERICA

VS.

CRYSTAL LA VON MASON-HOBBS (1)
SANFORD TAYLOR HOBBS III (2)

INDICTMENT

18 U.S.C. § 371
Conspiracy to Defraud the United States

A true bill rendered:


FORT WORTH



FOREPERSON

Filed in open court this 12th day of October, A.D. 2011.

Warrants to issue


UNITED STATES DISTRICT JUDGE
(Magistrate Court Number:)

ORIGINAL

Criminal Case Cover Sheet

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS**

1. Defendant Information

Juvenile: ☐ Yes ☒ No

Sealed: ☐ Yes ☒ No

Defendant Name

CRYSTAL LA VON MASON-HOBBS (1)

Alias Name

Address

2. U.S. Attorney Information

AUSA Matthew J. Gulde

Illinois State Bar # 6272325

3. Interpreter

☐ Yes ☒ No

If Yes, list language and/or dialect: _____

4. Location Status

Arrest Date: _____

☐ Federal Inmate

☐ Already in State Custody

☐ On Pretrial Release

☒ Warrant to Issue

5. U.S.C. Citations

Total # of Counts as to This Defendant: 1 ☐ Petty ☐ Misdemeanor ☒ Felony

Citation

18 U.S.C. § 371

Description of Offense Charged

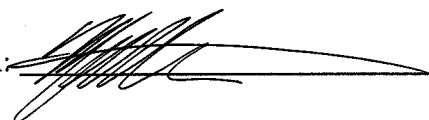
Conspiracy to Defraud the United States

Count(s)

1

Date 10/11/11

Signature of AUSA: _____



4-11CR-151-A

ORIGINAL*Criminal Case Cover Sheet***UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS****1. Defendant Information**Juvenile: ☐ Yes ☒ NoSealed: ☐ Yes ☒ No

Defendant Name

SANFORD TAYLOR HOBBS III (2)

Alias Name

Address

2. U.S. Attorney InformationAUSA Matthew J. GuldeIllinois State Bar # 6272325**3. Interpreter**☐ Yes ☒ No

If Yes, list language and/or dialect: _____

4. Location Status

Arrest Date: _____

☐ Federal Inmate☐ Already in State Custody☐ On Pretrial Release☒ Warrant to Issue**5. U.S.C. Citations**Total # of Counts as to This Defendant: 1 ☐ Petty ☐ Misdemeanor ☒ FelonyCitation

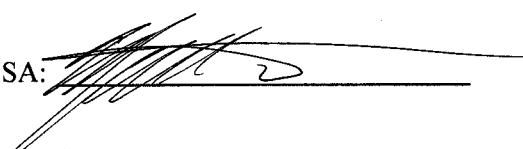
18 U.S.C. § 371

Description of Offense Charged

Conspiracy to Defraud the United States

Count(s)

1

Date 10/11/11Signature of AUSA: **Related Case Information**Superseding Indictment: ☐ Yes ☒ NoNew Defendant: ☒ Yes ☐ NoPending CR Case in NDTX: ☐ Yes ☒ No

Search Warrant Case Number: _____

Rule 20 from District of: _____

Magistrate Case Number: **4-11CR-151-A**